

**STATE OF RHODE ISLAND
ENERGY FACILITY SITING BOARD**

In Re: Sea 3 Providence, LLC :
d/b/a Sea 3 Providence : **Docket No. SB_____**
(Rail Service Incorporation Project :
25 Fields Point Drive and Seaview Drive :
Providence, Rhode Island) :

PETITION FOR DECLARATORY ORDER
Sea 3 Providence, LLC

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I. Introduction

Sea 3 Providence, LLC (“Sea 3 Providence”) is located at 25 Fields Point Drive, Providence, Rhode Island (the “Property”) within the marine industrial port complex commonly known as ProvPort. Sea 3 Providence has operated a liquid propane gas (“LPG”) terminal and storage facility at the Property since 2019. The Property has been the site of a LPG terminal and storage facility since 1975. The current and longstanding operation on the Property consists of marine vessel importation of large cargoes of LPG, offloading the LPG from the vessel and into a 19,000,000 gallon high rise storage tank. The LPG is cooled in the tank until such time as it is to be taken out of the tank and loaded on to transports at one of three existing truck rack lanes. The terminal currently features three spaces for offloading the LPG from the tank into tractor trailers for transport to distributors throughout the region.

When Sea 3 Providence acquired the rights to the Property and the terminal in 2018, the former tenant had ceased operations. The site had not been in active use since 2015. Sea 3 Providence entered into a lease with ProvPort to operate the terminal at the Property and also contracted for a lease option on an adjacent vacant parcel located on Seaview Drive (the “Option Parcel”), also deep within ProvPort. Sea 3 Providence conducted a modernization and restoration project at the Property prior to bringing the terminal back online for operation. This restoration and modernization effort represented an investment of over \$10 million and included, without limitation, thorough inspections of all equipment, tanks and piping systems. Sea 3 Providence contracted with MPE, Inc. to prepare a new Fire Safety Analysis and Emergency Response Plan. Sea 3 Providence upgraded and modernized all fire safety equipment, including detection and fail-safe automated shutdown systems to ensure the safety of the operation.

The second phase of Sea 3 Providence's planned operation is to incorporate the vacant Option Parcel into the daily operation of the terminal to enable the company to diversify its method of acquiring LPG supply to include rail in addition to marine vessels. The Project's main purpose of the raiing incorporation project (the "Project") is to tie into the existing rail to provide ancillary operational enhancements to the Sea 3 Providence terminal. The Option Parcel in located next to existing rail lines that service other industrial operations within ProvPort. (See Figure 1). Sea 3 Providence is planning to connect to the existing rail spur on the Option Parcel and install the requisite piping and equipment to allow for the offloading of LPG into six horizontal storage bullets on the Option Parcel (See Process Basis of Design attached to the Site Report as Exhibit 1). This operational enhancement will allow Sea 3 Providence to diversify its LPG supply options to meet a consistent projected increase in demand over the coming decade. In adding rail, the Option Parcel will also be the site for hosting the requisite equipment, bullet tanks and piping systems for offloading the LPG from the rail cars into the bullets and eventually to the truck racks on the Property. (See Site Plan Attached as Exhibit 9 to the Site Report).

Sea 3 Providence is filing this Petition for Declaratory Order respectfully asking the Energy Facility Siting Board (the "Board") to declare that the Project is not a material alteration of the existing major energy facility which has operated in the port of Providence since 1975. As detailed in the attached Site Report, this Project is an ancillary modification to the existing operation of the terminal and will not have a significant impact on the environment or the public's health, safety or welfare. Such a determination will enable this Project to move forward without further review by the Board and can begin construction once fully approved by the State Fire Marshall, Department of Environmental Management, Coastal Resource Management Council and City of Providence.

II. Company Profile and Current Operation

Sea 3 is a wholly owned subsidiary of Blackline Midstream, LLC as part of a joint venture with Sixth Street Partners, a global investment firm with over \$50 billion in assets under management. (See Section 1.1 of Site Report for full Company Profile). James Day is the Chief Executive Officer and Justin Day is the company president. The Project is being led by Kerry Willis, Vice President of Operations and Capital Projects for Blackline Midstream. Ryan Boyle is the terminal manager for Sea 3 Providence. The senior leadership team of Blackline and its companies has extensive experience in the energy sector, particularly in the LPG industry. As previously referenced, the Property is located at 25 Fields Point Drive and the Option Parcel, which will be incorporated into the existing operation in connection with the Project, is located on Seaview Drive. (See Figures 1 through 3 of Site Report). All parcels are located within the ProvPort marine industrial. The entire port is zoned W3 – Port/Marine Industrial Waterfront District under the Providence Zoning Ordinance (the “Ordinance”). According to Article 9, Section 900 of the Ordinance, property in the W3 zone is reserved for the “promotion of maritime industrial and commercial uses within the areas of the City’s waterfront, protect the waterfront as a resource for water-dependent industrial uses and facilitate the renewed use of a vital waterfront.”

In 2020, Sea 3 Providence imported approximately 23,000,000 gallons of LPG into the port of Providence via marine vessel over the course of three cargo shipments. When the LPG is offloaded from the vessel it is transferred to the 19,000,000 cold storage tank. While the vessel is offloading, the tank pressure is balanced by taking vapor from the tank and delivering it to the vessel in a closed loop system. The vaporization is controlled through the use of one of the three compressors on site. The LPG is compressed, cooled and condensed into a liquid. The

compressors are automated and run as needed. When active, the compressors run for 4-5 hours, shutdown for 4-5 hours and restart as necessary.

When the LPG is to be shipped off site, it is taken out of the 19,000,000 gallon tank and offloaded onto trucks at the truck rack. As the LPG is taken out of the tank and loaded onto the trucks, it is warmed through use of two exchangers. The LPG is loaded through a custody transfer meter which was also added during Sea 3 Providence's modernization of the facility. At all times, Sea 3 Providence employs the best available control technology ("BACT") to control the automated process.

The Project's automation system controls for four variables; (1) temperature, (2) flow, (3) pressure and (4) level. This is accomplished through three systems of control: (1) Safety Instrumented System ("SIS") which employs fail safe automated leakage and flame detection systems and automated shutdowns, (2) Basic Process Control ("BPCS") which controls flow to the trucks and (3) Discrete Instrument Systems which are a graphic interface at the console which monitor the distribution process controlling for flow and temperature at the console and control board.

Currently, all the LPG on site is brought in from foreign sources via marine vessel. The vessels come in large cargoes of approximately 10.6 million gallons, roughly half the size of the 19,000,000 gallon existing high rise tank. In the winter season, it takes multiple shipments of LPG to keep the tank inventory at an adequate supply sufficient to provide propane to meet the current existing needs of the region during peak usage periods. The LPG stored on site and sold by a Sea 3 affiliate company to many independent distributors who then in turn deliver and sell to the end consumer. LPG is a clean burning, versatile fuel which is commonly used as a source of home heating, air conditioning, cooking, refrigeration, clothes drying, lighting and serves as

transportation fuel for commercial vehicle fleets and buses. Approximately 30,000,000 – 35,000,000 gallons of LPG per season are sold to consumers in Rhode Island and 450,000,000 gallons are sold in all of southern New England (Massachusetts, Connecticut and Rhode Island).

III. Description of Rail Incorporation Project

When considering the totality of the current operation at the terminal located at the Property, the Project is critical from an operational efficiency perspective but a minor and ancillary modification in terms of the criteria for evaluating whether or not the Project constitutes an alternation as defined in Section 1.3(a)(4) of the EFSB Rules. As mentioned, the Sea 3 Providence terminal is already licensed to conduct approximately 244 daily truck shipments taking product away from the site and utilizes a 19,000,000 gallon high rise storage tank, and one horizontal bullet storage tank on the Property. The Project is merely intended to operationalize and incorporate the Option Parcel into Sea 3 Providence's daily operation. The Option Parcel allows Sea 3 Providence to connect to the existing adjacent rail tracks and provides the necessary gross square footage to accommodate the necessary equipment and piping systems for offloading the LPG and then loading it onto the transports for distribution.

A. New Equipment

The Rail Incorporation Project will be conducted in three phases which are discussed below and in greater detail in the Process Basis of Design attached as Exhibit 1 to the Site Report. The total investment in the Project is approximately \$15-20 million and the Project is intended to scale to meet demand as demand continues to grow. Below is a list of equipment which will be contained on the Option Parcel associated with the offloading and storage of the LPG as it is taken off of the rail cars and eventually transferred to the truck racks on the existing Property for transport to customers.

- 16 off loading rail spaces
- 4 Corkin Propane Misers
- 90,000 gallon storage bullets (6)
- 750 gpm pumps for transfer to truck rack or refrigeration system (4)
- Propylene Compressors (2)
- Fin Fans
- 1 Receiver
- Evaporative Chillers (2)
- Piping System
- Electric MCC substation and breakers for equipment
- Gas leak and heat detection system
- Fire Pump
- Mercaptan Storage and Injection System
- Dehydration Adsorber Beds
- Pressure Vessels for Moisture Removal (2)
- Electrical Heaters (2)

This equipment list, and how these items factor into the process and systems, is detailed in the Process Basis of Design (Exhibit 1 to Site Report) and depicted on the Process Flow Diagram (Exhibit 2 to the Site Report). This equipment is similar to what is already on site for the process of transporting the LPG which comes in via vessel to the tank and then to the transport station. None of this equipment will have a significant impact on the environment or public health, safety or welfare. (See Section 7.0 of Site Report). In fact, all of this equipment is designed and intended to protect the public from any emergency conditions which can result from a propane leak or potential fire and all meet industry standards, including National Fire Protection Agency Standard (“NFPA”)-58, the industry standard for safety at a LPG terminal.

B. Phases of Build Out

Phase I of the planned Project expansion would incorporate the existing rail spur by extending it deeper into the Project site and adding a second line of track. ¹ This will not impact area traffic as the rail spur is deep within ProvPort and crosses abandoned portions of Fields

¹ The rail spur will accommodate shipments via rail from a engine carrying 16 rail cars per shipment. There will be one rail shipment per day.

Point Drive and Seaview Road. Phase I will also involve the installation of the infrastructure to offload the LPG from the railcars and into six 90,000-gallon horizontal bullet storage tanks via a popping manifold that will be attached to the rail cars for offloading by the four compressors to facilitate movement of the LPG and vapor into the storage bullets.² (See Rail Process Flow Diagram attached as Exhibit 2 to the Site Report). These storage bullets will have a minimal increase in the amount of LPG stored onsite.³ This Project's intent is to create a more efficient method to meeting demand in the peak seasons versus having to receive all product by marine vessel and storing the LPG in the 19,000,000 gallon tank. Rather, the storage bullets will allow Sea 3 Providence to deliver LPG receive via the rail cars directly to the truck rack as needed.

Phase II of the planned ancillary expansion of operations is the installation of four (4) 750 gallon pumps to take the LPG from the bullets directly to the truck rack. Additionally, on the existing Project site, the truck rack will be expanded to include two more lanes from offloading to occur for distribution. Finally, Phase III of the Project involves the installation of the instrumentalities of the cooling process to bring the ambient temperature of the LPG to -44 °F while in the bullets. Buildout is expected to be completed in Summer of 2023.

C. Updates to Fire Safety Analysis and Emergency Response Plan

All LPG facilities and any expansion thereof, require approval by the State Fire Marshall pursuant to R.I.Gen.Laws §23-28.20-7 and §23-28.20-8. As part of this approval process, the Fire Marshall, and Providence Fire Department officials, work closely with the facility in preparing a Fire Safety Analysis, Fire Prevention Plan and Emergency Response Plan. Sea 3 Providence worked with MPE, Inc. in development of its current Fire Safety Analysis and

² It is not likely that all six storage bullets will be installed immediately. Rather, as demand increases as projected, the Project will scale up to meet demand. The plan does not involve more than six storage bullets.

³ When fully operational, the six bullet tanks will increase the maximum storage capacity of Sea 3 Providence by less than 4 percent.

prevention and response plans. In connection with this planned incorporation of the Option Parcel and rail service into the operations, Sea 3 and MPE have developed a revised Fire Safety Analysis in close consultation with the State Fire Marshall and Providence Fire. The full fire safety analysis is attached to the Site Report as Exhibit 8 and meets all required standards under the NFPA standards, especially NFPA – 58 – Liquefied Petroleum Gas.

D. Other Permits and Approvals Needed

While Sea 3 Providence is petitioning the Board to declare that full major facility siting review is not required pursuant to §42-98-3(b) and 1.3(a)(4) of the EFSB Rules, this Project remains subject to numerous other layers of review and scrutiny prior to commencing construction, installation of equipment and beginning operations including rail service. As mentioned above, the Project must be approved by the State Fire Marshall in accordance with R.I.Gen.Laws §23-28.20 *et seq.*. Additionally, while the use as a “tank farm” and LPG terminal are allowed by right in the W3 zone under the Ordinance, the Project is still subject to Development Plan Review by the City of Providence. This involves an examination of all proposed plans for construction by the City’s Planning Department, Department of Public Works and Building Inspectors Office. Sea 3 Providence will need certain approvals from DEM, CRMC and must meet all requirements of the Federal Railroad Administration, OSHA and EPA related to proper training and safety protocols.

IV. Analysis

The Rail Incorporation Project is not an alteration pursuant to R.I.Gen.Laws §42-98-3(b) and 1.3(a)(4) of the EFSB Rules and does not warrant full major facility siting review by the Board.

A. The Project will not have a significant impact on the environment or public health, safety and welfare.

The Project does not require full major facility site approval because it does not constitute an alteration of the existing major energy facility located at the Property. This Project is simply a construction program to install additional equipment to diversify Sea 3 Providence's sources of LPG to add domestic rail transported LPG to its current marine based terminal. The Property and Option Parcel's proximity to rail was the reason Sea 3 Providence was attracted to the site in the first place. As detailed in the Site Report, there are no projected long term impacts to the environment or public health, safety or welfare. (See Section 7.0 and 8.0 of the Site Report). This site has been utilized as a LPG terminal since 1975. The Property already has a 19,000,000 LPG storage tank which it offloads cargos of 10.5 million gallons with each shipment. This proposed ancillary enhancement of the existing operation merely incorporates the ability to bring in the product via rail in addition to marine vessel. The rail shipments would arrive once daily and in a much smaller cargo size than in comparison with the marine vessel shipments.

Transportation of LPG from the producers to storage terminals via rail is the industry standard in the United States, other than pipeline where available. The process already occurs at a small facility in North Kingstown, Rhode Island where they have a limited capacity of 75,000 gallons of LPG. This is not enough to meet the growing regional demand. Sea 3 Providence's proposal will allow it to purchase at more competitive pricing levels and arrange for more consistent and predictable shipments by diversifying and expanding the marketplace. This will result in removing barriers facing homeowners wishing to convert to LPG from oil by having a constituent supply at a more stable price point. (See Section 3.0 of Site Plan).

As detailed in the Site Report, particularly sections 5.0 through 9.0, there is no long term environmental impact. There will be a minimal increase in the amount of storage capacity on the Property and Option Parcel as a result of the completion of this Project. The terminal already has

a 19,000,000 gallon cold storage tank. At full scale, the incorporation of the 6 bullet tanks on the site will hold an additional effective volume of 450,000 gallons. This LPG will be held in the horizontal storage bullets for short durations and loaded into the truck transport system daily for distribution to customers.

Sea 3 Providence has not identified a significant environmental impact even during the construction phase. (See Section 7.0 of Site Report). Every aspect of Sea 3 Providence's planned modification of the site is being done in a manner to minimize any potential for an adverse impact on the environment. All construction activities will be conducted in accordance with the terms of the existing ELUR (Attached as Exhibit 3 to the Site Report). There is no long-term projected impact of the Project on the current existing soil conditions. The Project will have a soil management plan in place which presumes the soils in the industrial port are contaminated until otherwise demonstrated. (See Sections 7.0 and 8.0 of Site Report). All precautions will be taken to make sure that any disturbed soil is properly contained and that the current existing conditions are restored upon completion of construction. Presently, Sea 3 Providence is not required to have a storm water management plan. Sea 3 has received a "No Contribution Certification" from DEM and thus does not have a day-to-day storm water plan for its operation. (See Exhibit 6). However, Sea 3 will have a Soil Management and Storm Water Management plan during construction to ensure that all precautions are taken. Additionally, a Soil Erosion and Sediment Control plan will be in place during any construction which disturbs the underlying soil. (See Section 8.0 of Site Report).

The Project is not expected to have any impact on ground or surface water conditions. If excavation activities require dewatering procedures to be put into place within the designated Project Area (Figure 1 in the Site Report) then water will be treated and containerized if

necessary for proper offsite disposal or properly tested and treated prior to subsequent discharge through a filtration basin. Further, there are no wetland areas of concern in either the Project Area or the Study Area (Figure 1 through 3 in Site Report) and no anticipated impact on wildlife. (See Section 5.0 of Site Report).

The Project will not impact the existing Air Quality Permit at the Property currently held by Sea 3 Providence. (See Exhibit 7). The minimal increase in storage capacity and the daily rail shipments will not necessitate an increase in the number of trucks allowed on the Property under the existing Air Quality Permit. During construction, the Project team will implement the dust control plan outlined in Section 8.0 of the Site Report. Any potential impact will be minimized, minor and short term.

The Project will not impact the surrounding community from a noise, visual or traffic perspective. (See Section 6.0 and 7.0 of Site Report). Sea 3 Providence operations fall well within the City's noise ordinance as detailed in Section 6.0 of the Site Report. This will not change when the Project is complete. Additionally, during construction, pursuant to the analysis contained in the Site Report, all construction related activities will fall well within the limits of the City's noise ordinance. This site is well within the industrial port complex and more than 1500 feet away from the nearest residential structure. No impact or disturbance is anticipated related to noise. Nor will the Project have an impact on the visual resources in the area. The site already features a highly visible 19,000,000 high rise tank. None of the additions to the site will be seen from anywhere other than in the immediate vicinity of the parcel. The rail spur, piping equipment and buildings are all low rise structures that are not going to disturb the visual enjoyment of the area by the community. Finally, pursuant to the submitted traffic analysis

performed by John Shevlin of Pare Corporation, this Project will have no impact on traffic in the surrounding area. (Attached as Exhibit 5 to Site Report).

Sea 3 Providence's number one priority as the operator of an LPG terminal is the safety of its employees, neighbors and community. Every aspect of this terminal is managed through the Best Management Practices for the LPG industry as articulated by the NFPA, particular NFPA 58. As discussed, the existing Fire Safety Analysis ("FSA") for this site has been updated by MPE to include all the necessary precautions to ensure the safe operation of the new equipment associated with offloading and storing the rail shipments. (See Exhibit 8 to Site Report). The FSA is in full compliance with NFPA -58 and was drafted in accordance with the NFPA FSA manual for an LPG storage facility. The entire facility will be fenced, secured and staffed at all times. The entire site is monitored by video surveillance. Additionally, this portion of ProvPort is accessible only through clearance of a security checkpoint staffed by a guard. During offloading, when applicable, Providence Police and State EMA details are ordered by Sea 3 Providence.

The entire piping and storage operation is currently and will continue to be managed by an automated fail-safe system with strategically place heat and leak detection sensors through the facility. This automated system features redundant safety and early warning systems and trigger the automatic failsafe shutdown of the terminal in the event of an emergency. The Project will have an updated Emergency Response Plan, Process Safety Management Plan, EPA and Risk Management Plan for operation control to prevent and address any accidents or incidents which have the potential to occur at the terminal. All of this is in existence already, and therefore the updates to these documents, while critical, are not major departures from the current day-to-day operation of the Sea 3 Providence terminal.

In addition to having all appropriate public safety plans in place, there will be extensive training for staff and coordination with local fire, police and emergency management officials as referenced in the Fire Safety Analysis attached to the Site Report as Exhibit 8. In connection with the rail operation, staff will be trained in accordance with USDOT and Federal Rail Administration protocols and best management practices for handling the transportation of hazardous materials and offloading LPG from railcars. All training related to the LPG on the railcars will be in conformance with 49 CFR 172.704. (Section 7.12 of Site Report).

B. The Project is necessary to meet future demand for LPG in the region.

This Project is designed to protect the environment from hazardous exposures, to manage the existing contamination in the industrial port and to protect the public from any hazards which can be associated with an LPG terminal. These are the same concerns which have been managed at this site since 1975 and it does not constitute an alteration of this site. By granting this Petition, the Board will enable this Project to move forward without further review by this body. This is a critical decision for Sea 3 Providence. Sea 3 Providence identified this site because of the ability to have both marine vessel and railcar shipments of LPG at the terminal. Incorporation of phase two of its business plan is essential to the long term viability of the Providence terminal. As detailed in Section 3.0 of the Site Report, this is essential to meet projected demand for LPG over the next decade in the state and region.

The demand for LPG in the nation and the region continues to rise. According to the PGANE's New England Propane Market Evaluation, demand in Rhode Island is expected to rise to approximately as high as 57.9 million gallons in 2021 and over 900 million gallons in the Southern New England region. In order to meet the state and regional demand, Sea 3 Providence intends to grow its operation in Providence to provide 100,000,000 gallons of LPG to consumers.

The ability to bring in LPG by rail is essential to that goal. The incorporation of the Option Parcel makes rail importation of LPG possible due to the proximity to the track and the area to build the infrastructure. (See Figure 1) The other terminals servicing Rhode Island are rail only. These terminals can only bring in a limited amount of supply via one source. If rail service is disrupted, they have no product. Conversely, right now Sea 3 Providence only has the ability to bring in LPG via marine vessel which is more expensive and less predictable. Sea 3 Providence would be the most reliable source of propane, and the most affordable, due to being the only terminal in the area with access to both methods of securing sufficient supply of the product.

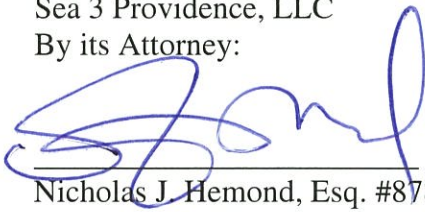
The market price for marine LPG can be extremely volatile as compared to the domestic product which is moved via rail. In a twelve-month period, LPG can see prices as low as 20 cents per gallon and as expensive as \$1.05 per gallon. It is difficult for the consumer to plan for winter due to volatility in price and inconsistency of supply. However, this proposal provides flexibility to Sea 3 Providence that will stabilize prices and keep costs down for the consumer. The marine vessels can continue to fill the reserve tank while the rail is moved into and out of the bullets on a daily basis. The cold propane in the tank will be utilized only as demand outpaces the rail service or rail service is interrupted by accidents and weather. This results in a more stable supply protecting consumers from the price gouging that occurs during the cold months by the suppliers that Sea 3 Providence purchases LPG from. Sea 3 Providence cannot be the lowest price for the consumer without the ability to secure LPG product via both marine vessel and rail.

V. Conclusion

For the reasons stated herein, and supported by the detailed Site Report, Sea 3 Providence respectfully requests that this Honorable Board grant its Petition for Declaratory Order and rule

that this proposed enhancement of the current operations at the Sea 3 Providence terminal in ProvPort is not an alteration such that full major facility review is necessary. This Project will not have a significant impact on the environment or the public health, safety and welfare. This Project simply incorporates an alternative source of product for Sea 3 Providence to access via rail in order to meet rising demand and manage volatile market pricing in order to provide a clean fuel source to Rhode Islanders and New Englanders alike.

Respectfully submitted,
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